

METHOD OF OPTIMIZING MARKET AND INSTITUTIONAL RISKS IN FOREIGN EXCHANGE HEDGING

ABSTRACT OF THE DISCLOSURE

A method is provided of optimizing both market and institutional risks in foreign currency exchange hedging. The method includes the steps of selecting a VaR calculator and determining an optimization procedure to be used. The method also includes the steps of using the VaR calculator and the optimization procedure to determine an efficient frontier line and choosing trade-offs between institutional risk and market risk of losses.